

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1992, AS REPORTED
OFFERED BY**

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Internet Equity and
3 Education Act of 2001”.

**4 SEC. 2. EXCEPTION TO 50 PERCENT CORRESPONDENCE
5 COURSE LIMITATIONS.**

6 (a) DEFINITION OF INSTITUTION OF HIGHER EDU-
7 CATION FOR TITLE IV PURPOSES.—Section 102(a) of the
8 Higher Education Act of 1965 (20 U.S.C. 1002(a)) is
9 amended by adding at the end the following new para-
10 graph:

11 “(7) EXCEPTION TO LIMITATION BASED ON
12 COURSE OF STUDY.—Courses offered via tele-
13 communications (as defined in section 484(l)(4))
14 shall not be considered to be correspondence courses
15 for purposes of subparagraph (A) or (B) of para-
16 graph (3) for any institution that—

17 “(A) is participating in either or both of
18 the loan programs under part B or D of title
19 IV on the date of enactment of the Internet Eq-
20 uity and Education Act of 2001;



1 “(B) has a cohort default rate (as deter-
2 mined under section 435(m)) for each of the 3
3 most recent fiscal years for which data are
4 available that is less than 10 percent; and

5 “(C)(i) has notified the Secretary, in a
6 form and manner prescribed by the Secretary
7 (including such information as the Secretary
8 may require to meet the requirements of clause
9 (ii)), of the election by such institution to qual-
10 ify as an institution of higher education by
11 means of the provisions of this paragraph; and

12 “(ii) the Secretary has not, within 90 days
13 after such notice, and the receipt of any infor-
14 mation required under clause (i), notified the
15 institution that the election by such institution
16 would pose a significant risk to Federal funds
17 and the integrity of programs under title IV.”.

18 (b) DEFINITION OF ELIGIBLE STUDENT.—Section
19 484(l)(1) of the Higher Education Act of 1965 (20 U.S.C.
20 1091(l)(1)) is amended by adding at the end the following
21 new subparagraph:

22 “(C) EXCEPTION TO 50 PERCENT LIMITA-
23 TION.—Notwithstanding the 50 percent limita-
24 tion in subparagraph (A), a student enrolled in
25 a course of instruction described in such sub-



1 paragraph shall not be considered to be enrolled
2 in correspondence courses if the student is en-
3 rolled in an institution that—

4 “(i) is participating in either or both
5 of the loan programs under part B or D of
6 title IV on the date of enactment of the
7 Internet Equity and Education Act of
8 2001;

9 “(ii) has a cohort default rate (as de-
10 termined under section 435(m)) for each of
11 the 3 most recent fiscal years for which
12 data are available that is less than 10 per-
13 cent; and

14 “(iii)(I) has notified the Secretary, in
15 form and manner prescribed by the Sec-
16 retary (including such information as the
17 Secretary may require to meet the require-
18 ments of subclause (II)), of the election by
19 such institution to qualify its students as
20 eligible students by means of the provisions
21 of this subparagraph; and

22 “(II) the Secretary has not, within 90
23 days after such notice, and the receipt of
24 any information required under subclause
25 (I), notified the institution that the elec-



1 tion by such institution would pose a sig-
2 nificant risk to Federal funds and the in-
3 tegrity of programs under title IV.”.

4 **SEC. 3. EVALUATION AND REPORT.**

5 (a) INFORMATION FROM INSTITUTIONS.—

6 (1) INSTITUTIONS COVERED BY REQUIRE-
7 MENT.—The requirements of paragraph (2) apply to
8 any institution of higher education that—

9 (A) has notified the Secretary of Edu-
10 cation of an election to qualify for the exception
11 to limitation based on course of study in section
12 102(a)(7) of the Higher Education Act of 1965
13 (20 U.S.C. 1002(a)(7)) or the exception to the
14 50 percent limitation in section 484(l)(1)(C) of
15 such Act (20 U.S.C. 1091(l)(1)(C));

16 (B) has notified the Secretary under sec-
17 tion 481(a)(3) of such Act (20 U.S.C.
18 1088(a)(3)); or

19 (C) contracts with outside parties for—

20 (i) the delivery of distance education
21 programs;

22 (ii) the delivery of programs offered in
23 nontraditional formats; or

24 (iii) the purpose of securing the en-
25 rollment of students.



1 (2) REQUIREMENTS.—Any institution of higher
2 education to which this paragraph applies shall com-
3 ply, on a timely basis, with the Secretary of Edu-
4 cation’s reasonable requests for information on
5 changes in—

6 (A) the amount or method of instruction
7 offered;

8 (B) the types of programs or courses of-
9 fered;

10 (C) enrollment by type of program or
11 course;

12 (D) the amount and types of grant, loan,
13 or work assistance provided under title IV of
14 the Higher Education Act of 1965 that is re-
15 ceived by students enrolled in programs con-
16 ducted in nontraditional formats; and

17 (E) outcomes for students enrolled in such
18 courses or programs.

19 (b) REPORT BY SECRETARY REQUIRED.—The Sec-
20 retary of Education shall conduct by grant or contract a
21 study of, and by March 31, 2003, submit to the Congress,
22 a report on—

23 (1) the effect that the amendments made by
24 this Act have had on—



1 (A) the ability of institutions of higher
2 education to provide distance learning opportu-
3 nities to students; and

4 (B) program integrity;

5 (2) with respect to distance education or cor-
6 respondence education courses at institutions of
7 higher education to which the information require-
8 ments of subsection (a)(2) apply, changes from year-
9 to-year in—

10 (A) the amount or method of instruction
11 offered and the types of programs or courses of-
12 fered;

13 (B) the number and type of students en-
14 rolled in distance education or correspondence
15 education courses;

16 (C) the amount of student aid provided to
17 such students, in total and as a percentage of
18 the institution's revenue; and

19 (D) outcomes for students enrolled in dis-
20 tance education or correspondence education
21 courses, including graduation rates, job place-
22 ment rates, and loan delinquencies and defaults;

23 (3) any reported and verified claim of induce-
24 ment to participate in the student financial aid pro-
25 grams and any violation of the Higher Education



1 Act of 1965, including any actions taken by the De-
2 partment of Education against the violator; and

3 (4) any further improvements that should be
4 made to the provisions amended by this Act (and re-
5 lated provisions), in order to accommodate nonradi-
6 tional educational opportunities in the Federal stu-
7 dent assistance programs while ensuring the integ-
8 rity of those programs.

9 **SEC. 4. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.**

10 Section 420J of the Higher Education Act of 1965
11 (20 U.S.C. 1070f-6) is amended by adding at the end the
12 following new sentence: “If for any fiscal year funds are
13 not appropriated pursuant to this section, funds available
14 under part B of title VII, relating to the Fund for the
15 Improvement of Postsecondary Education, may be made
16 available for continuation grants for any grant recipient
17 under this subpart.”.

18 **SEC. 5. IMPLEMENTATION.**

19 (a) **NO DELAY IN EFFECTIVE DATE.**—Section 482(c)
20 of the Higher Education Act of 1965 (20 U.S.C. 1089(e))
21 shall not apply to the amendments made by this Act.

22 (b) **IMPLEMENTING REGULATIONS.**—Section 492 of
23 the Higher Education Act of 1965 (20 U.S.C. 1098a)
24 shall not apply to the amendments made by section 2 of
25 this Act.

